

STATE OF DELAWARE
OFFICE OF
AUDITOR OF ACCOUNTS

DELAWARE MILITARY ACADEMY
STUDENT ACCOUNTING AND
ENROLLMENT

AGREED-UPON PROCEDURES ENGAGEMENT

SEPTEMBER 30, 2006

FIELDWORK END DATE: JANUARY 5, 2007

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INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

The Honorable Valerie A. Woodruff
Secretary
Department of Education
Townsend Building, Suite 2
401 Federal Street
Dover, DE 19901-3639

Charles W. Baldwin
Commandant
Delaware Military Academy
112 Middleboro Road
Wilmington, DE 19804

We have performed the procedures enumerated below, which were agreed to by the Delaware Military Academy (the School) and the Department of Education (DOE). The procedures were performed solely to assist the specified parties in evaluating the School's compliance with laws and regulations in regard to Student Accounting and Enrollment as of September 30, 2006. Management is responsible for the School's compliance with those requirements.

This agreed-upon procedures engagement was performed in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States and the attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures were as follows:

1. Determine if the School's policies and procedures for preparing, reviewing, and reporting the September 30th student count are adequate.
2. Determine if the School properly reported enrollment figures to DOE. Calculate the dollar impact of disallowed students, if applicable.
3. Select 10 percent (10%) or a minimum of five "Individualized Education Program" (IEP) files at the School and verify that each file contains the required documentation in accordance with the DOE's Administrative Manual for Special Education Services. Calculate the dollar impact of disallowed services, if applicable.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with specified laws. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the School and DOE and should not be used by those who have not agreed to the procedures and have not taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited. This report, as required by statute, was provided to the Office of the Governor, Office of the Controller General, Office of the Attorney General, Office of Management and Budget, and Department of Finance.

R. Thomas Wagner, Jr., CFE, CGFM, CICA
Auditor of Accounts
Office of Auditor of Accounts

January 5, 2007

SCHEDULE OF FINDINGS

Procedure Agreed Upon #1

Determine if the School's policies and procedures for preparing, reviewing, and reporting the September 30th student count are adequate.

Finding

Although Delaware Military Academy maintains written policies and procedures for September 30th student accounting, the written policies need to be expanded to describe in more detail the September 30th student accounting process.

The State of Delaware *Budget and Accounting Manual* states, "A well designed system of controls must include written policies and procedures to ensure that each control objective is met." Written policies and procedures generally provide (1) an understanding of an entity's objectives, (2) a basis for training new personnel, (3) a means of communicating common information, (4) a source of information about accounting controls, and (5) a source of information that will aid in providing continuity in the event experienced personnel leave.

Due to the size of the School, a limited number of staff are involved in the student accounting process. The School felt that verbal communications/instructions combined with existing written policies were sufficient based on the size and structure of the School's staff. However, insufficient documentation of policies and processes could result in noncompliance with regulations as well as loss of valuable institutional knowledge in the event an employee leaves the School.

Recommendation

Delaware Military Academy further develop written policies and procedures governing the preparation, review, and reporting of the September 30th student enrollment figures to include:

- Timelines/deadlines
- Individualized Education Program processes and requirements
- Staff roles, including management review
- Retention policy
- Transfers, withdrawals, and alternative programs

SCHEDULE OF FINDINGS

Auditee Response

The Delaware Military Academy will further develop written policies and procedures governing the preparation, review, and reporting of the student enrollment figures to include:

- Timelines/deadlines
- Individualized Education Program processes and requirements
- Staff roles, including management review
- Retention policy
- Transfers, withdrawals, and alternative programs

DOLLAR IMPACT

There was no dollar impact/savings identified as a result of applying the specified agreed-upon procedures.

DISTRIBUTION OF REPORT

Copies of the School's Agreed-Upon Procedures Engagement have been distributed to the following public officials:

Executive Branch

The Honorable Ruth Ann Minner, Governor, State of Delaware
The Honorable Richard S. Cordrey, Secretary, Department of Finance
The Honorable Jennifer W. Davis, Director, Office of Management and Budget
Ms. Trisha Neely, Director, Division of Accounting, Department of Finance
The Honorable Valerie A. Woodruff, Secretary, Department of Education

Legislative Branch

The Honorable Russell T. Larson, Controller General, Office of Controller General

Other Elective Offices

The Honorable Joseph R. Biden III, Attorney General, Office of the Attorney General

Other

Mr. Charles Baldwin, Commandant, Delaware Military Academy
Mr. Joseph A. Swiski, Chairperson, Board of Education, Delaware Military Academy